

BILL ANALYSIS

S.B. 1309
By: Ellis
Economic Development
Committee Report (Unamended)

BACKGROUND AND PURPOSE

Currently, Section 301.003(b), Labor Code, prohibits members of the Texas Workforce Commission (TWC) from engaging in any business, vocation, or employment during their term of office. It also bars someone from serving as a member if his or her spouse is registered, certified, licensed, permitted, or otherwise authorized by TWC. As a result of TWC's role in the Unemployment Insurance (UI) program, TWC registers virtually every Texas business with employees. In addition, if a TWC member employs a domestic service worker and pays UI taxes on that worker the member is registered by TWC with a UI tax identification, which is a violation under current law.

The restrictions placed on TWC mean that they may not engage in any other business, vocation, or employment – even if those outside interests are not in conflict with their duties to the state. Further, the restrictions hamper the ability of members' spouses to secure employment or employ others. Ultimately, these restrictions may severely limit the number of people who might qualify for appointment as a member of TWC in the future.

C.S.S.B. 1309 permits a TWC member to have an outside business or employment so long as it involves personal investments in real property, financial instruments, or tangible assets, or the provision of services as an independent contractor (other than for workforce services in the State of Texas). Members continue to be prohibited from being employed by community colleges receiving money from TWC and career schools. An individual may serve as a member if the individual or the individual's spouse is registered, certified, licensed, permitted or otherwise authorized by TWC under the Unemployment Compensation Act, or if the individual employs a domestic service worker under section 201.027, Labor Code. C.S.S.B. 1309 requires members who are engaged in outside employment to recuse themselves from all TWC discussion or votes related to that employment.

RULEMAKING AUTHORITY

This bill does not expressly grant any additional rulemaking authority to a state officer, institution, or agency.

ANALYSIS

SECTION 1. Amends Section 301.003, Labor Code, to read as follows:

Section 301.003 MEMBER RESTRICTIONS. (a) Adds definition for "business."

(b) Prohibits a member of the Texas Workforce Commission (TWC) or the member's spouse, rather than a member of TWC, from being employed by any other organization receiving money from TWC, rather than engaging in any other business, vocation, or employment, during the member's term on TWC.

(d)(3) Prohibits a person from serving as a member of TWC if the person or the person's spouse is registered, certified, licensed, permitted, or otherwise authorized by TWC. Specifies what constitutes being registered, certified, licensed, permitted, or otherwise authorized by TWC, for purposes of this section.

(e) Requires a member of TWC, if a member of TWC or the member's spouse is engaged in any other employment, to refrain from voting on or participating in any TWC decision if it involves the other employment.

(f) Prohibits a member of TWC or the member's spouse from entering into a contract, either directly with a local workforce development board or with any entity that contracts with a local workforce development board, under which the member or the member's spouse receives compensation for services provided by the member or the member's spouse.

SECTION 2. Provides the effective date of this Act.

EFFECTIVE DATE

Upon passage, or, if the Act does not receive the necessary vote, the Act takes effect September 1, 2005.